

***BRECKSVILLE COMMUNITY IMPROVEMENT  
CORPORATION***

**CUYAHOGA COUNTY**

Compilation Report

For the Year Ended December 31, 2019



**Brecksville Community Improvement Corporation**

**Cuyahoga County**

For the Year Ended December 31, 2019

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**INDEPENDENT ACCOUNTANT'S REPORT**

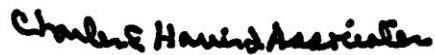
Brecksville Community Improvement Corporation  
Cuyahoga County  
9069 Brecksville Road  
Brecksville, Ohio 44141

To the Board of Trustees:

We have prepared the accompanying Financial Statements and Notes to the Financial Statements of the Brecksville Community Improvement Corporation, Cuyahoga County, for the year ended December 31, 2019 in accordance with Statements and Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A preparation is limited to presenting in the form of financial statements and notes, information that is the representation of management. We have not audited or reviewed the accompanying financial statements or notes and, accordingly, do not express an opinion or any other form of assurance on them.

Sincerely,



***Charles E. Harris & Associates, Inc.***  
April 6, 2020

## ***BRECKSVILLE COMMUNITY IMPROVEMENT CORPORATION***

Management's Discussion and Analysis

For the year ended December 31, 2019

The discussion and analysis for the Brecksville Community Improvement Corporation's (the "Corporation") financial performance provides an overall review of the Corporation for the year ended December 31, 2019. The intent of this discussion and analysis is to look at the Corporation's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Corporation's financial performance.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for 2019 are as follows:

- This is the second year of activity for the Corporation. In total, net position for 2019 decreased \$739,775 from 2018.
- Current assets decreased \$741,140 from 2018 primarily due to a payment to the City of Brecksville of \$750,000 during 2019.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The basic financial statements include a statement of net position, statement of revenues, expenses and changes in net position, and a statement of cash flows. Since the Corporation only uses one fund for its operations, the entity wide and the fund presentation information is the same.

### **FINANCIAL ANALYSIS**

A comparative analysis of 2019 and 2018 is presented below:

	<u>2019</u>	<u>2018</u>	Increase (Decrease)
Current assets	\$ 4,696,674	\$ 5,437,814	\$ (741,140)
Total assets	<u>4,696,674</u>	<u>5,437,814</u>	<u>(741,140)</u>
Current liabilities	-	1,365	(1,365)
Total liabilities	<u>-</u>	<u>1,365</u>	<u>(1,365)</u>
Net position			
Unrestricted	<u>4,696,674</u>	<u>5,437,814</u>	<u>(741,140)</u>
Total net position	<u>\$ 4,696,674</u>	<u>\$ 5,437,814</u>	<u>\$ (741,140)</u>

**BRECKSVILLE COMMUNITY IMPROVEMENT CORPORATION**

Management's Discussion and Analysis

For the year ended December 31, 2019

**Changes in Net Position**

The following table shows the changes in fund net position for the fiscal year 2019 and 2018:

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>
<u>Operating revenues:</u>			
Other	\$ 150	\$ -	\$ 150
Total operating revenue	<u>150</u>	<u>-</u>	<u>150</u>
<u>Operating expenses:</u>			
Support services:			
Contractual services	\$ 2,328	\$ -	\$ 2,328
Program services	750,000	-	750,000
Professional fees	14,297	134,130	(119,833)
Insurance	5,592	921	4,671
Miscellaneous	<u>291</u>	<u>227</u>	<u>64</u>
Total operating expenses	<u>772,508</u>	<u>135,278</u>	<u>637,230</u>
Operating loss	<u>(772,358)</u>	<u>(135,278)</u>	<u>(637,080)</u>
<u>Nonoperating revenues:</u>			
Interest	11,015	3,227	7,788
Contributions and donations	<u>21,568</u>	<u>5,568,500</u>	<u>(5,546,932)</u>
Total non operating revenues	<u>32,583</u>	<u>5,571,727</u>	<u>(5,539,144)</u>
Change in net position	(739,775)	5,436,449	(6,176,224)
Net position at beginning of year	<u>5,436,449</u>	<u>-</u>	<u>5,436,449</u>
Net position at end of year	<u>\$ 4,696,674</u>	<u>\$ 5,436,449</u>	<u>\$ (739,775)</u>

Total expenses increased \$637,230 from 2018 to 2019. Professional expenses were for legal fees mostly relating to administration of the Corporation and working on the development agreement between the City of Brecksville, the Developer, and the Corporation. Additionally, during 2019 the Corporation made a payment of \$750,000 to the City of Brecksville.

Contributions and donations decreased for 2019 as an initial payment from the developer was received in 2018 in accordance with the development agreement.

***BRECKSVILLE COMMUNITY IMPROVEMENT CORPORATION***

Management's Discussion and Analysis

For the year ended December 31, 2019

**CAPTIAL ASSETS AND DEBT ADMINISTRATION**

Currently, the Corporation does not have any capital assets or any debt obligations.

**CURRENT FINANCIAL ISSUES AND CONCERNS**

At December 31, 2019, the Corporation had a total net position of \$4,696,674 which is a net result of all the activity in 2019. Management continues to monitor all activity affecting the condition of the Corporation.

The Corporation will continue to advance, encourage and promote the industrial, economic, commercial and civic development of the City of Brecksville, Ohio as the City's designated agency.

**REQUEST FOR INFORMATION**

This financial report is designed to provide the citizens, taxpayers, and consumers of the City of Brecksville with a general overview of the Corporation's financial position. If you have any questions about this report or need additional financial information, contact Laura Starosta, Brecksville Community Improvement Corporation Treasurer, 9069 Brecksville Road, Brecksville, Ohio 44141, (440) 526-4351.

***BRECKSVILLE COMMUNITY IMPROVEMENT CORPORATION***

Statement of Net Position

December 31, 2019

Assets

Current assets:

Cash	\$ 258,283
Prepaid insurance	4,920
Land held for resale	4,418,500
Accounts receivable	14,971
Total current assets	<u>4,696,674</u>

Total assets \$ 4,696,674

Net position

Unrestricted	<u>4,696,674</u>
Total liabilities and net position	<u>\$ 4,696,674</u>

The accompanying notes are an integral part of these financial statements.

**BRECKSVILLE COMMUNITY IMPROVEMENT CORPORATION**

Statement of Revenues, Expenses and Changes in Net Position

Years ended December 31, 2019

Operating revenues:

Other	\$ 150
Total operating revenue	<u>\$ 150</u>

Operating expenses:

Support services:

Contractual services	2,328
Program services	750,000
Professional fees	14,297
Insurance	5,592
Miscellaneous	291
Total support services	<u>772,508</u>
Total operating expenses	<u>772,508</u>

Operating loss (772,358)

Non operating revenues:

Interest	11,015
Contributions and donations	21,568
Total non-operating revenues	<u>32,583</u>

Change in net position (739,775)

Net position at beginning of year	<u>5,436,449</u>
Net position at end of year	<u>\$ 4,696,674</u>

The accompanying notes are an integral part of these financial statements.



**BRECKSVILLE COMMUNITY IMPROVEMENT CORPORATION**

Statement of Cash Flows

Years ended December 31, 2019

Cash flows from operating activities:	
Cash payments to suppliers for goods and services	\$ (774,037)
Net cash used for operating activities	<u>(774,037)</u>
Cash flows from noncapital financing activities:	
Contributions	6,597
Net cash used for noncapital financing activities	<u>6,597</u>
Cash flows from investing activities:	
Interest	11,015
Net cash provided by investing activities	<u>11,015</u>
Net increase in cash and cash equivalents	(756,425)
Cash and cash equivalents at beginning of year	1,014,708
Cash and cash equivalents at end of year	<u>\$ 258,283</u>
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (772,358)
Adjustments to reconcile operating loss to net cash used for operating activities:	
(Increase) decrease in assets:	
Prepaid items	(314)
Increase (decrease) in liabilities:	
Accounts payable	(1,365)
Net cash used for operating activities	<u>\$ (774,037)</u>

The accompanying notes are an integral part of these financial statements.

***BRECKSVILLE COMMUNITY IMPROVEMENT CORPORATION***

Notes to the Financial Statements

For the year ended December 31, 2019

**Note 1 – Summary of Significant Accounting Policies**

**A. Reporting Entity**

The Brecksville Community Improvement Corporation (the “Corporation”) is a not-for-profit corporation that was formed on March 28, 2014 in the State of Ohio. The Corporation is a community improvement corporation as defined in Chapter 1724 of the Ohio Revised Code.

The sole purpose for which the Corporation was formed was to advance, encourage, and promote the industrial, commercial, and civic development of the City of Brecksville, Ohio by acting as a designated agency of the City, for the industrial, commercial, distribution, and research development in such political subdivision in accordance with Section 1724.10 of the Ohio Revised Code.

In accordance with Chapter 1724 of the Ohio Revised Code, not less than two-fifths of the Board of Trustees of the Corporation is composed of appointed or elected officers of the City of Brecksville and at least one officer of the City of Brecksville.

**B. Basis of Accounting and Presentation**

The basic financial statements have been prepared in conformity with accounting principles generally accepted in the United State of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Corporation’s financial statements have been prepared using the accrual basis of accounting. The Corporation’s significant accounting policies are described below.

The Corporation’s basic financial statements consist of a Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows.

**C. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

***BRECKSVILLE COMMUNITY IMPROVEMENT CORPORATION***

Notes to the Financial Statements

For the year ended December 31, 2019

D. Cash and Investments

To improve cash management, cash received by the Corporation is pooled in a central bank account. During fiscal year 2019, investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio).

The Corporation's investment in the State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the Corporation. The Corporation measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For the fiscal year 2019, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

E. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2019, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded.

F. Federal Income Tax

The Corporation is exempt from federal income tax under section 501(C)(3) of the Internal Revenue Code.

G. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the Corporation. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Corporation. All revenues and expenses not meeting these definitions are reported as nonoperating.

**BRECKSVILLE COMMUNITY IMPROVEMENT CORPORATION**

Notes to the Financial Statements

For the year ended December 31, 2019

**Note 2 – Deposits and Investments**

**A. Deposits with Financial Institutions**

At December 31, 2019, the carrying amount and bank balance of all Corporation deposits was \$244,041. Of the bank balance, \$0 was exposed to custodial credit risk as described below.

Custodial credit risk is the risk that, in the event of bank failure, the Corporation will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Corporation has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the Corporation's and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2019, the Corporation's financial institutions were approved for a reduced collateral rate of 50% through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Corporation to a successful claim by the FDIC.

**B. Investments**

As of December 31, 2019, the Corporation had the following investment and maturity:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>Investment Maturity 6 months or less</u>
NAV:		
STAR Ohio	\$ 14,242	\$ 14,242
Total	<u>\$ 14,242</u>	<u>\$ 14,242</u>

The weighted average maturity of Star Ohio is 44.9 days.

*Interest Rate Risk:* Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the Corporation's investment policy limits investment portfolio maturities to five years or less.

**BRECKSVILLE COMMUNITY IMPROVEMENT CORPORATION**

Notes to the Financial Statements

For the year ended December 31, 2019

*Credit Risk:* Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Corporation has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Corporation has no investment policy dealing with investment custodial credit risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

*Concentration of Credit Risk:* The Corporation places no limit on the amount that may be invested in any one issuer. The Corporation currently holds 100% of their investments with Star Ohio.

**Note 3 – Land Held for Resale**

The Corporation has land held for resale in the amount of \$4,418,500. This land is intended to be sold later for economic development purposes.

**Note 4 – In-Kind Contributions, Donated Facilities and Services**

The City of Brecksville provides the Corporation with office space and various office services without charge. The value of the donated facilities is not recognized in the accompanying financial statements because no objective basis is available to measure the value of the donated facilities. No in-kind wages were received from the City of Brecksville in 2019.

**Note 5 – Subsequent Events/Contingencies**

The CIC agreed to purchase an 88 Acre Parcel of real property for the price of \$5,350,000 from Crowland Ltd. on January 21, 2020. \$25,000 was deposited with an Escrow Agent on January 27, 2020.